



**Record of Meeting | December 19, 2024**

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance & Audit Committee meeting on Thursday, December 19, 2024, in the Boardroom of Tollway headquarters in Downers Grove, Illinois. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chairman Arnaldo Rivera and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, *et seq.*

*[Bolded entries indicate issues which may require follow-up to present or report to Directors.]*

**Call to Order / Roll Call**

Committee Chair Perinar called the meeting to order at approximately 8:45 a.m.

Given Director Connolly’s advance notice to the Board Secretary of his inability to attend due to a conflicting business commitment and given that a quorum of the committee was physically present, in accordance with the Open Meetings Act and Tollway By-laws, Committee Chair Perinar entertained a motion to allow Director Connolly’s participation by audio conference. Director Gomez made such a motion, seconded by Director Paddock. The motion PASSED unanimously by voice vote.

Committee Chair Perinar asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Gary Perinar
Director James Connolly <i>[by phone]</i>
Director Jacqueline Gomez
Director Karen McConnaughay
Director Scott Paddock

Other Directors in Attendance:
Director Melissa Neddermeyer
Director Mark Wright
Chairman Arnaldo Rivera

Committee Members Not Present:
None

The Board Secretary declared a quorum present.



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## Public Comment

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Committee Chair Perinar opened the floor for public comment. No public comment was offered.

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## Committee Chair's Items

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Committee Chair Perinar stated that **Committee Chair's Item 1**, the minutes of the regular Finance & Audit Committee meeting held on November 21, 2024, will be deferred.

Having no further items, Committee Chair Perinar called on Executive Director Cassandra Rouse.

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## Executive Director

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Executive Director Rouse introduced Chief Internal Auditor Shaun Farmer to present the Internal Audit Department Update and the 2-Year Audit Plan for 2025-2026. [See attached presentation.](#)

Upon conclusion of the presentation and discussion, Committee Chair Perinar thanked Mr. Farmer.

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## Items for Consideration

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### Finance

Executive Director Rouse asked Chief Financial Officer Cathy Williams to present to the Committee the following items:

*Item 1: Approval of the FY2025 Final Budget.*

*Item 2: Award of Contract 24-0210 to Mesirow Insurance Services, Inc. for the purchase of Cyber Liability Insurance Coverage in an amount not to exceed \$278,622.00 (Order Against CMS Master Contract).*

Upon conclusion of the presentation and discussion of items, Committee Chair Perinar entertained a motion to approve placement of **Finance Item 1** on the December Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gomez made a motion to approve this item, seconded by Director Paddock. The motion PASSED unanimously by voice vote.

Committee Chair Perinar entertained a motion to approve placement of **Finance Item 2** on the December Board of Directors meeting agenda with the Committee's recommendation for approval



by the Board. Director Gomez made a motion to approve this item, seconded by Director Paddock. The motion PASSED unanimously by voice vote.

**Internal Audit**

*Item 1: Approval of the 2-Year Audit Plan for 2025-2026.*

Committee Chair Perinar entertained a motion to approve placement of **Internal Audit Item 1** on the December Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Gomez made a motion to approve this item, seconded by Director Paddock. The motion PASSED unanimously by voice vote.

**Adjournment**

There being no further Committee business, Committee Chair Perinar entertained a motion to adjourn. Director Gomez made a motion to adjourn, seconded by Director Paddock. The motion PASSED unanimously by voice vote.

The meeting was adjourned at approximately 9:08 a.m.

Minutes taken by: Christi Regnery  
Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



# INTERNAL AUDIT UPDATE

Shaun Farmer – Chief Internal Auditor  
December 19, 2024

# AGENDA

## *Current State of Internal Audit*

- ▶ Key Board Updates
- ▶ Internal Audit Charter
- ▶ Internal Audit Resources
- ▶ Audit Plan Considerations
- ▶ Internal Audit Plan
- ▶ Audit Department Highlights



# 2025 KEY UPDATES

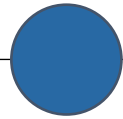


## Tentative Agenda Items



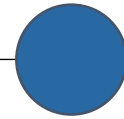
### APRIL

- Summary of Internal Audit purpose, authority and responsibility
- Audit activities update
- Governance issues/concerns
- Internal control program updates

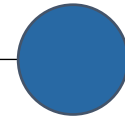


### JUNE

- Internal control program updates



### SEPTEMBER



### DECEMBER

- Current state of Internal Audit resources
- Approval of two-year audit plan
- Audit charter review *(if needed)*

# GLOBAL INTERNAL AUDIT STANDARDS

5 Domains, 15 Principles, 52 Standards

## Domain I: Purpose of Internal Auditing

### Domain II: Ethics and Professionalism

- *Principle 1: Demonstrate Integrity*
- *Principle 2: Maintain Objectivity*
- *Principle 3: Demonstrate Competency*
- *Principle 4: Exercise Due Professional Care*
- *Principle 5: Maintain Confidentiality*

### Domain III: Governing the Internal Audit Function

- *Principle 6: Authorized by the Board*
- *Principle 7: Positioned Independently*
- *Principle 8: Overseen by the Board*

### Domain IV: Managing the Internal Audit Function

- *Principle 9: Plan Strategically*
- *Principle 10: Manage Resources*
- *Principle 11: Communicate Effectively*
- *Principle 12: Enhance Quality*

### Domain V: Performing Internal Audit Services

- *Principle 13: Plan Engagements Effectively*
- *Principle 14: Conduct Engagement Work*
- *Principle 15: Communicate Engagement Results and Monitor Action Plans*

*Internal Audit performs audit activities in conformance with the Institute of Internal Auditors' (IIA) Global Internal Audit Standards (GIAS). The Standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.*

# NEW 2024 INSTITUTE OF INTERNAL AUDITORS STANDARDS

*In January 2024, the IIA released updated Internal Audit Standards, which become effective on January 9, 2025. Internal Audit reviewed the new standards and updated processes and documentation to reflect the new standards.*

## Changes Between the 2017 and 2024 Standards Include:



**Governance and Oversight:** Emphasizing governance and oversight by the Board and senior management



**Internal Audit Purpose and Strategy:** Defining and communicating its purpose and strategy



**Continuous Improvement:** Formally setting goals and periodically assessing its performance



**Stakeholder Coordination:** Promoting enhanced coordination for better planning, delivery and evaluation projects



**Use of Technology:** Encouraging the use of technology to support the internal audit function

## How We've Addressed the New Standards

- ✓ Performed change analysis
- ✓ Adopted enhanced communications
- ✓ Solicited organization-wide feedback
- ✓ Updated documentation
- ✓ Solicited feedback from peer organizations
- ✓ Updated Internal Audit Charter



# INTERNAL AUDIT CHARTER

Purpose

Accountability and  
Authority

Responsibilities

Scope Of Work

Independence

Reporting Process

Periodic  
Assessments

*Internal Audit confirms that there are no significant facts or matters that impact or impair our independence as auditors*

# DEPARTMENT ORGANIZATION



## Vacancies

- Deputy Chief of Internal Audit
- Internal Auditor Manager *(Construction) – Planned for 2025*
- Internal Audit Supervisor
- Two Strategy Analysts



# AUDIT PLAN

## Annual Ongoing Risk-Based Exercise

**1** Determine possible areas of concern

**2** Identify potential risk areas for consideration in annual audit plan

**3** Examine resources/skillset across internal audit staff

## Key Factors

- ✓ Potential for impact on agency policies and procedures
- ✓ Changes in systems, processes, policies or procedures
- ✓ Results and time since last audit engagement
- ✓ Extent of government regulation
- ✓ Information and communication
- ✓ Transaction volume
- ✓ Staffing levels

# CYCLE AUDIT SCHEDULE



**Personnel and Payroll**



**Purchasing, Contracting and Leasing**



**Organization and Management**



**Expenditure Control**



**Petty Cash** (*If Disbursements Exceed \$5,000*) **OR**  
**Grant Administration** (*If Tollway Receives Any Grants*)



**Revenues and Receivables**



**Property, Equipment and Inventories**



**Budget, Accounting and Reporting**



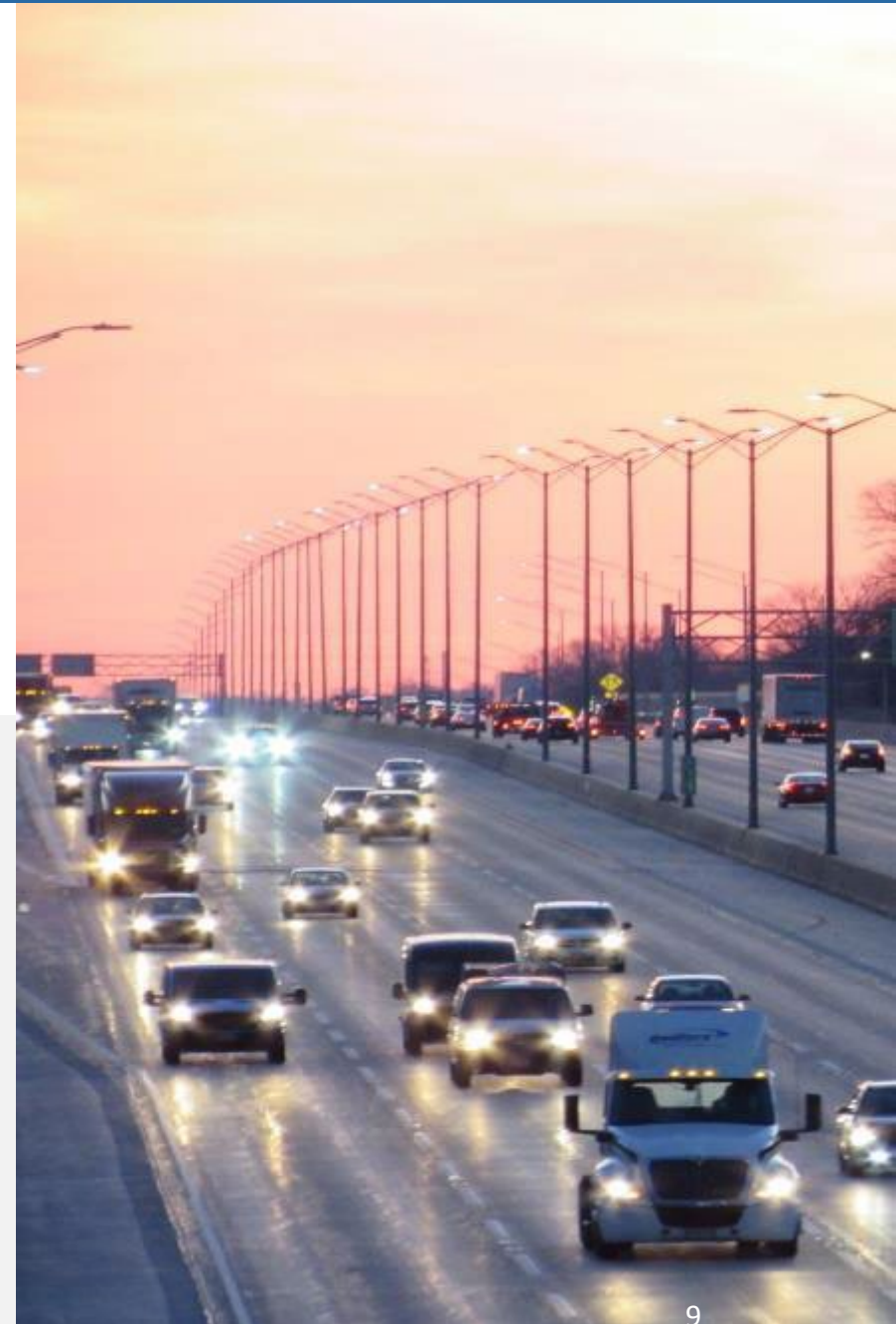
**Electronic Data Processing**



**Administrative Support Services**

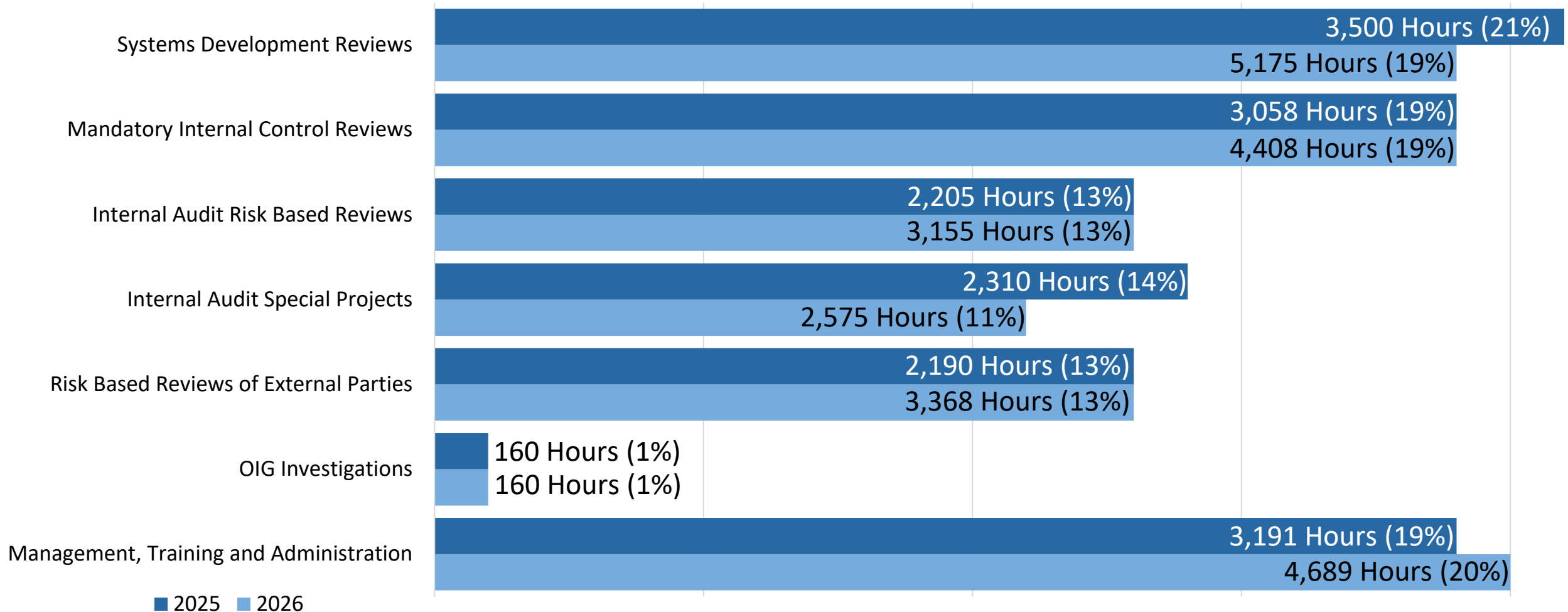
2025

2026



# 2025/2026 INTERNAL AUDIT PLAN

## *Allocation of available hours*





# 2024 AUDIT ACTIVITY HIGHLIGHTS

- ✓ Completed all required cycle audits
- ✓ Performed reviews of Procurement, Engineering, IT, contractors and key risk areas
- ✓ On-time submittal of annual internal control certification letter (*Auditor General*)
- ✓ Partnered with business units on various strategic initiatives
- ✓ Annual September 30 letter to executive management
- ✓ Successfully completed peer review and obtained highest rating
- ✓ Updated processes and documentation to reflect new IIA standards
- ✓ Represented Tollway as audit and risk industry leader at multiple events



# 2024 AUDIT ACTIVITY HIGHLIGHTS

- ✓ Continued support of the Tollway's Enterprise Risk Management, SOX, and third-party risk management programs
- ✓ Continued efforts on prevailing wage compliance
- ✓ Oversight of Tollway's annual PCI review
- ✓ Assisted a state agency in completion of their required peer review
- ✓ Assisted multiple state agencies in their adoption and implementation of new IIA standards
- ✓ Enhanced training opportunities and skills
- ✓ Actively managed open audit findings and partnered with business for closure
- ✓ Assisted with liaison activities for the 2023 annual external audit



***THANK YOU***